



# BRIDGING DISTANCE FOR SMALL BUSINESSES IN CENTRAL AND EASTERN EUROPE

An eBay Report on Technology-Enabled Market Integration

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# INTRODUCTION

Since 2011, the eBay Public Policy Lab and a team of economists at Sidley Austin LLP (Sidley) have worked together to examine how globalisation and technology empower Micro, Small and Medium-sized Enterprises (MSMEs)<sup>1</sup> and promote a more inclusive and robust economy.

We have studied the patterns and growth of enterprises using the eBay Marketplace. Irrespective of where in the world we have looked, we have found micro and small businesses leveraging the online commerce platform model to engage in expansive commerce, often on a global scale. Across more than 50 countries we have studied so far, spanning the Americas, Africa, Asia and Europe, technology is empowering small firms to build operations that serve consumers across an unprecedented number of countries.

This report covers a selection of 10 central and eastern European countries based on eBay Marketplace data from 2011 to 2015. The findings presented herein provide a clear picture of how the online platform model of commerce allows small firms in Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia to extend beyond their home markets.

Traditionally, commerce over distance has come with significant costs. This impeded the ability of most micro and small firms to participate directly in international markets, and even to serve customers throughout large national markets. We have seen this manifested in the European context in limited participation by MSMEs in cross-border commerce within the Single Market. It has also disadvantaged enterprises, especially small ones, situated further from central economic hubs, creating challenges for broad-based and balanced economic development.

This report describes how the online platform model for commerce reduces the costs of doing business over distance and thereby allows small businesses in 10 central and eastern European countries to extend their reach across Europe as well as globally. This technology-enabled market integration is promoting the growth of those platform-based business that exceed their country's GDP growth.

The econometric and statistical analysis carried out by Sidley for this report is based on eBay datasets covering transactions of small online businesses in the EU and globally from 2011 to 2015. To ensure that the community of small commercial enterprises on eBay was properly captured, Sidley

## ABOUT THE EBAY PUBLIC POLICY LAB

The eBay Public Policy Lab seeks to address the public policy challenges that lie at the nexus of technology and commerce.

We conduct innovative research using unique data analytics methodologies and creative insights. We seek to inspire debate at the highest levels of public policy discourse about the future of commerce and how technology can be leveraged to achieve the best possible outcomes for all.

We invite you to explore our full catalogue of research at: [www.ebaymainstreet.com/lab](http://www.ebaymainstreet.com/lab)

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<sup>1</sup> Micro firms have less than 10 employees, small less than 50 employees, and medium less than 250 employees.

limited the data to transactions by sellers with sales of more than US\$10,000<sup>2</sup> annually on the eBay marketplace. In this report these are called “Commercial Sellers”, or eBay-enabled firms.

The research discussed in this report provides robust and concrete data sets demonstrating the real world behaviour of platform-enabled enterprises, and points to tangible opportunities within the reach of those looking to harness the economic and social benefits of an inclusive European marketplace. However, ensuring widespread access to these opportunities requires political willpower and action to reduce the costs for small, remote retailers in relation to parcel delivery and VAT, protect the right of small firms in particular to use the online commerce platform model, and guarantee the ability of platform providers to innovate and serve large, diverse customer bases.

## BRIDGING DISTANCE

Traditional forms of commerce over distance carry meaningful costs related to transportation and logistics chains, regulatory and administrative red tape, adaptation to different legal systems, communication and marketing, uneven access to information, difficulties in matching supply and demand, trust, and enforcement. Economists have found that these costs increase as distance increases. So the further away market participants are from each other, the less likely they are to engage in commerce with each other.<sup>3</sup>

Due to the costs that come with distance, small enterprises have traditionally been confined to commerce within limited areas, such as the size of a city or the distance that a consumer would be willing to travel to the enterprise’s place of business. Another way to think of it is that most traditional commerce models came with the cost of establishing certain facilities, and firms were able to capture commerce only within a relatively limited range of their facilities.

Being limited to smaller markets in this way is oftentimes an impediment to building a viable and sustainable business due to the reality that there might simply not be enough local demand available to a local enterprise. In addition, risks were heightened for locally constrained enterprises in instances where a local economy might suffer from economic shocks or tail winds that depress demand.

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<sup>2</sup> Approximately €7'500 in 2014.

<sup>3</sup> Examples from economic literature on this are: “*The Puzzling Persistence of the Distance Effect on Bilateral Trade*” (2008), by Anne-Celia Disdier and Keith Head, in *Review of Economics and Statistics* 90(1), 37-48; “*The Gravity Equation in International Trade: an Explanation*” (2011), by Thomas Chaney; and “*Information Frictions in Trade*” (2011), by Treb Allen, Job-Market paper, Yale University.

One of the fundamental revolutions brought about by the internet and digital technologies is through online commerce, where the cost of transacting over distance has fallen dramatically. The chief reason is how much easier it is online to overcome uneven access to information and difficulties in matching supply and demand. Lendle et al (2012) have found that distance indeed has a much less negative impact on firms transacting cross-border in the online marketplace.<sup>4</sup> Similarly, a 2013 report by the European Commission's Joint Research Center (JRC) concludes that distance matters far less online, explained primarily by the decline in communication-related costs.<sup>5</sup> Our estimates, based on a global data set, suggest that distance matters 83% less for international eBay transactions compared to traditional transactions.<sup>6</sup>

Even within the EU, geographical distance has a negative effect on cross-border activity. However, the detrimental effect of geographic distance on trade within the EU is more than four times lower when commerce is conducted leveraging the online commerce platform model, as compared to traditional cross-border trade.<sup>7</sup> This can also be seen in the 62% growth rate of EU cross-border commerce over the eBay Marketplace for the period 2011 to 2015, compared to the modest growth of 9% for traditional commerce.



## Commerce Over Distance

Growth in cross-border commerce

**SOURCE:**

Sidley Austin LLP analysis of eBay data; Eurostat

<sup>4</sup> "There Goes Gravity: How eBay Reduces Trade Costs" (October 2012), by Andreas Lendle, Marcelo Olarreaga, Simon Schropp, Pierre-Louis Vezina, Pierre-Louis, in World Bank Policy Research Working Paper No. 6253.

<sup>5</sup> "The drivers and impediments for cross-border e-commerce in the EU", by Estrella Gomez, Bertin Martens and Geomina Turlea (European Commission, Joint Research Center), Digital Economy Working Paper 2013/2: "the results show that the importance of geographical distance is strongly reduced in online trade, compared to offline trade, due to a drastic reduction in information costs in the digital economy that enables consumers to scan a much wider territory to satisfy their wishes and place their buying orders".

<sup>6</sup> See eBay's report "Commerce 3.0 for Development" (2013), available [http://www.ebaymainstreet.com/sites/default/files/commerce\\_3.0\\_susdev\\_a4\\_fin\\_2015\\_0.pdf](http://www.ebaymainstreet.com/sites/default/files/commerce_3.0_susdev_a4_fin_2015_0.pdf)

<sup>7</sup> See eBay's report "Empowering People and Creating Opportunity in the Digital Single Market" (2015), available [https://www.ebaymainstreet.com/sites/default/files/ebay\\_europe\\_dsm\\_report\\_10-13-15\\_1.pdf](https://www.ebaymainstreet.com/sites/default/files/ebay_europe_dsm_report_10-13-15_1.pdf)

But, overcoming distance to the extent where MSMEs start engaging in international commerce takes more than simply adding the internet to retail. The European Commission reports that, in 2014, only 12% of firms in retail sold online cross-border within the EU.<sup>8</sup> This is strikingly different to what is happening on the eBay Marketplace where about 96% of firms, predominately micro firms with less than 10 employees, engaged in cross-border sales in 2015.

The difference can be explained by how the online commerce platform model provides access for independent MSMEs to both the internet's global reach as well as to relevant technology tools that further mitigate commerce costs, such as fulfillment services, website design, sales insights and research tools, search optimisation and paid search marketing, etc. In contrast, retailers selling online using their own website must themselves make the investments required to attract consumers from abroad.

However, while the online commerce platform model enables small firms to overcome distance and serve customers remotely, it is important to note that there are still great advantages accrued by having a local presence in commerce, which is why large merchants complement their online strategy with local facilities in the key economic areas. Independent small retailers cannot afford such a strategy and platform-enabled commerce is their way of reaching customers in the most vibrant economic hubs. Political action must therefore ensure that the costs of small remote retailers are lowered, for example, in terms of parcel delivery, and not raised, for example, in terms of remote VAT systems.

## DATA ON INCLUSIVE OPPORTUNITIES

This report provides data from the eBay Marketplace to illustrate the degree to which the online commerce platform is enabling small firms in central and eastern Europe to overcome distance and leverage that for growth.

### SHARE OF EBAY-ENABLED FIRMS EXPORTING

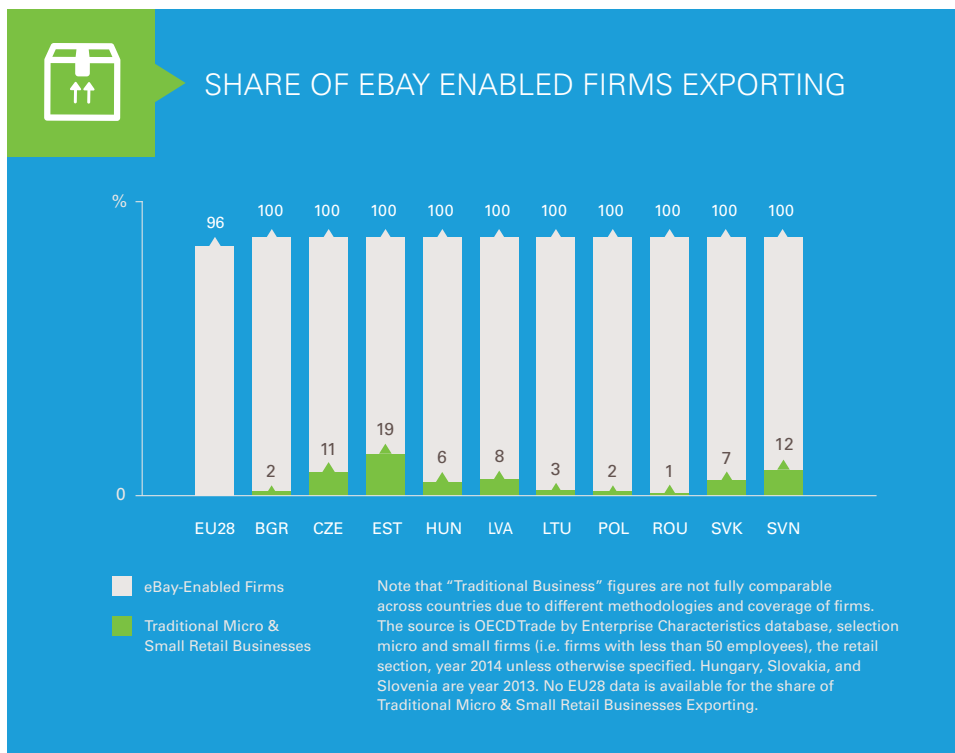
A large body of research confirms how firms that are international are generally more productive than firms that serve the domestic market only. Higher productivity is in turn associated with more prosperous communities. As those communities are largely dominated by MSMEs, ensuring the internationalization of those firms becomes an obvious priority. For instance,

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<sup>8</sup> European Commission Staff Working Document, SWD (2015) 100 final, accompanying the 2015 DSM Strategy Communication. It references a forthcoming Consumer Conditions Scoreboard report with data from Flash Eurobarometer 396.

MSMEs represent 99% of EU's total enterprise population, and micro enterprises account for as much as 93%. Nevertheless, across OECD countries, less than 5% of micro enterprises are exporters while typically half of large enterprises export.

In contrast, nearly every eBay-enabled MSME serve customers in foreign markets, with approximately 96% of eBay-enabled firms across the EU selling internationally. For firms in the 10 central and eastern European countries covered by this report, eBay is used almost exclusively as an export platform.

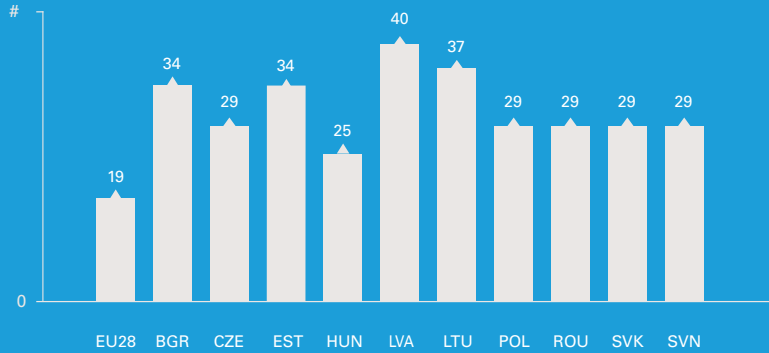


## AVERAGE NUMBER OF FOREIGN DESTINATIONS

The average number of foreign destinations by eBay-enabled firms is a powerful testament to how the online commerce platform bridges distance for small enterprises and accounts for a meaningfully different model of cross-border trade than the traditional market entry model. Across the 10 countries covered by this report, the average number of destination markets is 32 and across the EU28 it is 19. In comparison, the World Bank estimates that the average number of countries reached by exporting firms in Belgium, Bulgaria, Estonia, Portugal and Spain is around four. The OECD reports that, in a majority of OECD economies, 50% or more of exporting enterprises trade with only one other country.



## AVERAGE NUMBER OF FOREIGN DESTINATIONS



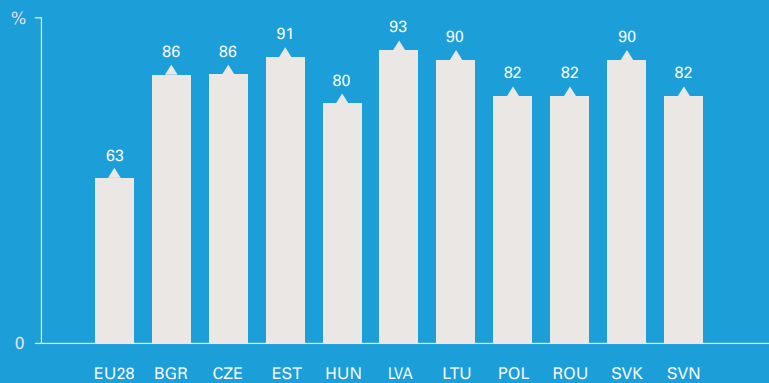
Note: Only exporters are considered

## SHARE OF EBAY-ENABLED FIRMS REACHING 10 OR MORE FOREIGN MARKETS

OECD reports that firms that manage to export to more than 10 countries are also those dominating trade. In the traditional marketplace, that sort of market reach is confined to a relative few of the very largest firms. In contrast, the online commerce platform model makes it a realistic opportunity for the small and the many. Across the 10 countries covered by this report, between 80% and 93% of independent small businesses using eBay reached 10 or more countries in 2015.



## SHARE OF EBAY-ENABLED FIRMS REACHING 10 OR MORE FOREIGN MARKETS



Note: Only exporters are considered

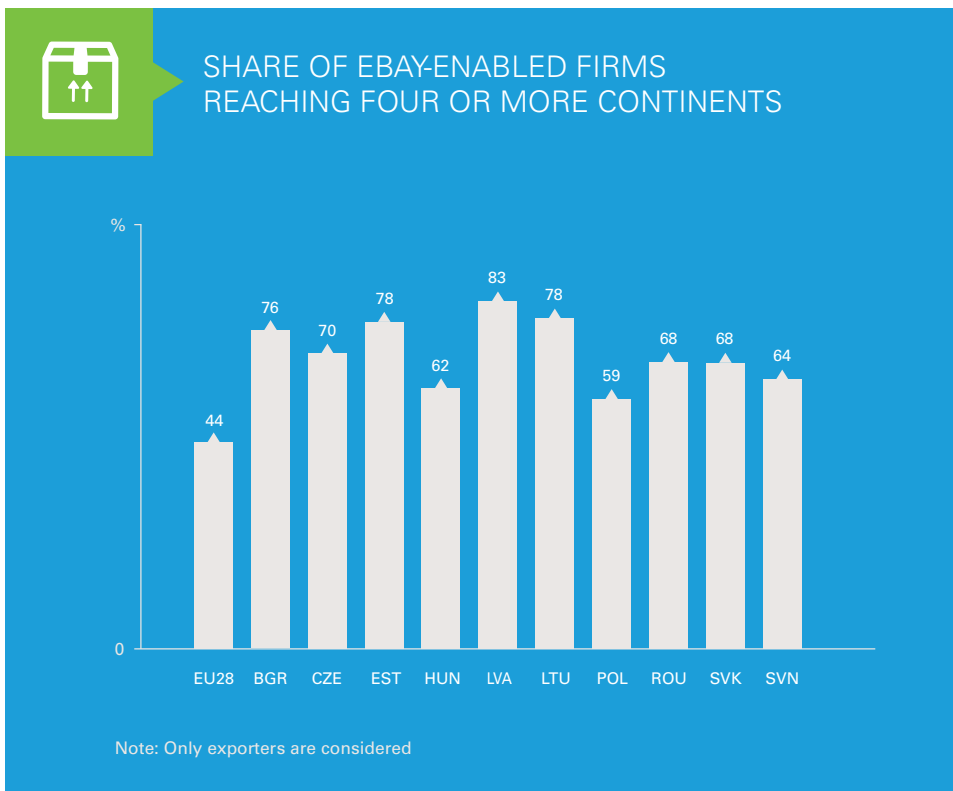


## SHARE OF EBAY-ENABLED FIRMS REACHING FOUR OR MORE CONTINENTS

The recent financial and economic crisis emphasized the importance of diversified international selling capabilities. Over the period 2008 to 2013, domestic demand dropped by about 4% across EU28 while extra-EU demand rose by about 7%. From the perspective of economic demand and growth opportunities, the key macro-economic driver of growth was demand from outside the EU and European firms of all sizes tried to adapt by shifting their share of export from EU markets to non-EU markets.

eBay-enabled firms proved to be the most adaptable.<sup>9</sup> Between 2009 and 2014, they shifted their share of international selling from EU markets to non-EU markets by 52%. Large traditional firms were half as flexible, shifting their exports by 26%, whereas small traditional firms were found relatively locked into their existing markets (shifting to non-EU by no more than 14%).

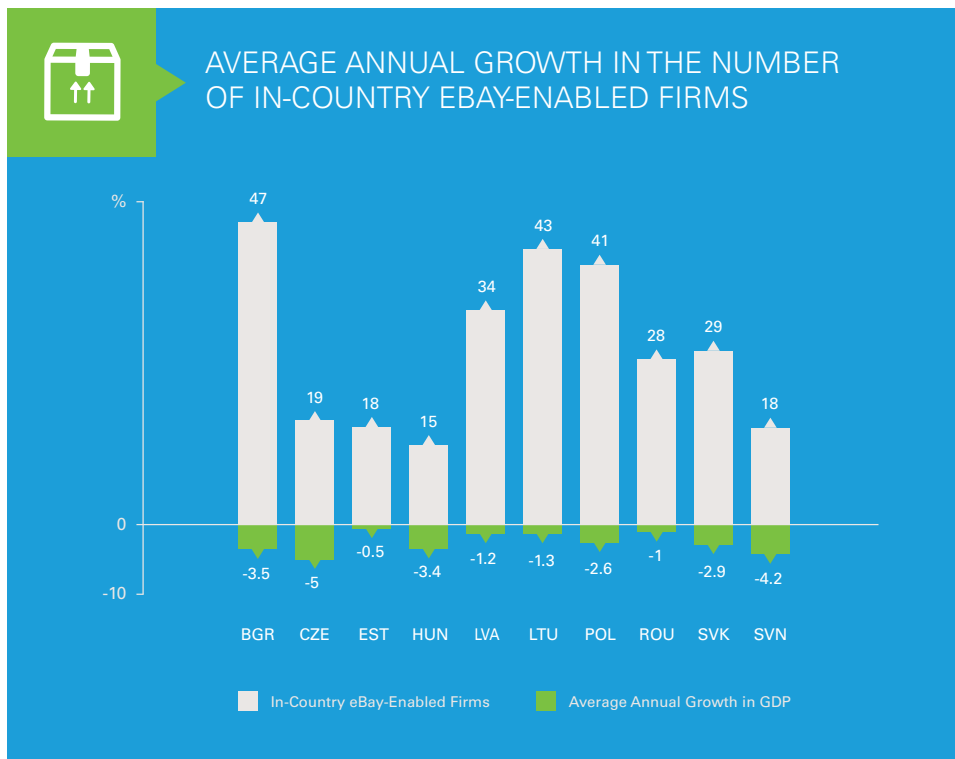
Illustrating just how diversified platform-based businesses are, between 59% and 83% of eBay-enabled firms in the 10 central and eastern European countries served customers on four or more continents in 2015.



<sup>9</sup> See eBay's report "Platform-Enabled Small Businesses and Inclusive Economic Opportunities" (2016) Available [https://www.ebaymainstreet.com/sites/default/files/ebay\\_report\\_pesbieo\\_.pdf](https://www.ebaymainstreet.com/sites/default/files/ebay_report_pesbieo_.pdf)

## AVERAGE ANNUAL GROWTH IN THE NUMBER OF IN-COUNTRY EBAY-ENABLED FIRMS

The year-over-year growth in the number of eBay Commercial Sellers in a country market provides a useful data point regarding the MSME growth opportunities on the eBay marketplace, in particular when compared to growth in the overall national economy. In this case, we are looking at the average annual growth rate in the total number of in-country eBay Commercial Sellers for the years 2011 to 2015. An eBay Commercial Seller is thereby defined as an eBay seller with sales of \$10,000 USD (at 2015 exchange rates) or more annually on the eBay Marketplace. For consistency purposes, we adjust the number of eBay Commercial Sellers for currency fluctuations.<sup>10</sup>



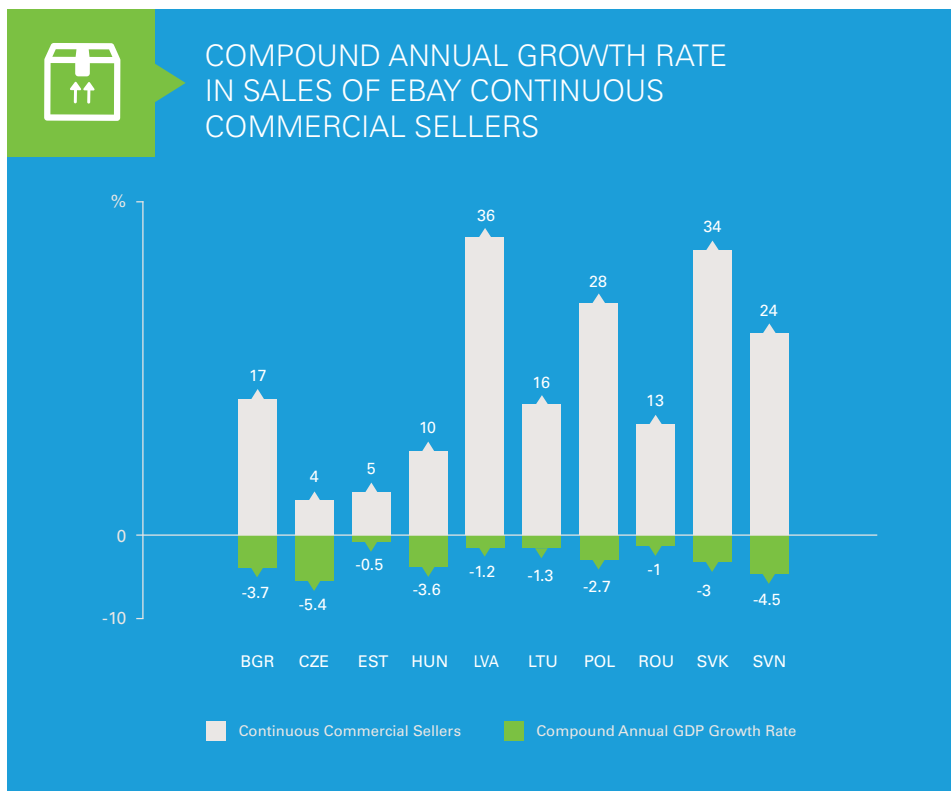
Although national GDP is not an exact comparable for the size or growth of the number of MSMEs overall, the overwhelming share of total enterprises in each country that are MSMEs does lend itself to GDP being somewhat of a proxy for overall MSME health. The growth rates of the overall community of eBay Commercial Sellers exceeded the GDP growth rate in each country.<sup>11</sup> In most cases, the growth in the number of eBay Commercial Sellers exceeded GDP growth by many times.

<sup>10</sup> Due to currency fluctuations that occurred during the period 2011-2015, in particular a significant appreciation of the US dollar to the Euro in 2015, we calculated a currency-neutral level of in-country MSME sellers in 2011 by using the same commercial seller threshold in the domestic currency that is also used in 2015. For example, the threshold for Euro is around EUR 9,000 in 2015 (equivalent to \$10,000 USD in 2015), and that same threshold is also used for 2011, rather than using the Euro equivalent of \$10,000 USD in 2011 (which would be around EUR 7,200). In this manner, the net change in the overall number of in-country MSME sellers from 2011 to 2015 is not distorted by exchange rate fluctuations of the USD against other currencies.

<sup>11</sup> The World Bank, World Development Indicators, last updated April 27, 2017. Available <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD> Note: Average Annual GDP Growth Rate was determined using the following formula:  $(2015 \text{ GDP} - 2011 \text{ GDP}) / 2011 \text{ GDP} / 4$ .

## EBAY CONTINUOUS COMMERCIAL SELLERS

In this report, “Continuous Commercial Sellers” are eBay Commercial Sellers in 2015—the final year of the report—who sold above the \$10,000 USD threshold throughout the five-year time period measured. These MSMEs with five years or more of continuous operations selling above \$10,000 USD annually provide a selection of mature and established operators on the platform. We calculated the compound annual growth rate of the sales of these Continuous Commercial Sellers in each country market over the years 2011–2015. These established MSMEs have strong growth rates across the board, exceeding GDP growth in every market.<sup>12</sup>



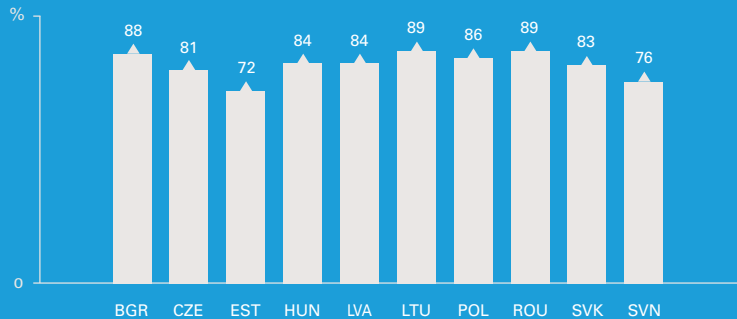
## NEWCOMERS

The ability of new enterprises to enter the market is a key element of economic growth. The birth of enterprises is thought to drive economic dynamism by increasing competition, generating efficiencies, promoting innovation and fostering new technologies. In this report, we consider “Newcomers” in 2015 to be eBay Commercial Sellers who are four years old or younger on eBay, in this case measured by the absence of any sales in 2011. For the purpose of this report, these are classified as a Newcomer. The first data point provided is the share of eBay Commercial Sellers that were Newcomers.

<sup>12</sup>The World Bank, World Development Indicators, last updated April 27, 2017. Available <http://data.worldbank.org/indicator/NY.GDPMKTPKD> Note: Compound Annual GDP Growth Rate was determined using the following formula:  $[(2015 \text{ GDP} / 2011 \text{ GDP})^{.25} - 1]$ .



## SHARE OF EBAY COMMERCIAL SELLERS THAT WERE NEWCOMERS



The average growth rate of the sales of Newcomers is an interesting data point related to firm growth. Newcomers tend to have the highest annual growth rates among eBay Commercial Sellers as they ramp up operations, especially in the fastest growing markets. For this section, we looked at Newcomers who started on eBay in 2012 and achieved Commercial Seller status by 2015. Given the potential of hyper-growth of the sales in the first years of a start-up enterprise when measured as a percentage, we examined just their third year growth rate (2014–2015) to minimize distortions in the average.



## 2014-2015 GROWTH RATE FOR EBAY COMMERCIAL SELLERS THAT BEGAN SELLING IN 2012



## POLICY RECOMMENDATIONS

The technology-enabled market integration process this report has described from the perspective of 10 central and eastern European countries needs political support of the EU and national governments to ensure that the lowered costs for engaging in commerce over distance that the online commerce platform offers are not lost because of incumbent interests.

1) **Maintain thresholds for VAT at levels that protect small remote retailers from bureaucracy and costs related to cross-border activity**

The European Commission is proposing to replace current national thresholds for VAT obligations in a destination market with one intra-Community threshold. Simplification in the area of VAT is welcome but the proposal sets the threshold at such a low level – EUR 10,000 in intra-Community sales - that it will add substantial costs for small retailers. It introduces foreign VAT obligations where there currently are none by significantly lowering the threshold, and despite the One-Stop-Shop mechanism to facilitate VAT remittance, online retailers will need to inform themselves about Member States' different VAT rates, regardless of whether they have meaningful sales into each market. The proposal also discourages a new breed of really small technology-enabled enterprises that serve customers across a very large number of different markets; they might face VAT obligations in all those markets although their enterprise and/or their sales in each market fall below that country's small business VAT exemption threshold.

The data presented in this report demonstrates how the online commerce platform model bridges distance and offers small, remote retailers a way of reaching customers in the most vibrant economic hubs. However, there are great advantages with having a local presence in commerce, such as convenience and trust, that translate into costs for remote retailers. Low cross-border VAT thresholds that create obligations on small, remote retailers will add to those costs and serve to impede their ability to compete for international customers.

2) **Ban suppliers from prohibiting retailers to sell on online commerce platforms and thereby ensure all European small retailers can reap the benefits of an international customer base**

The European Commission's recently concluded sector inquiry into e-commerce was launched because of concerns about slow growth in cross-border online commerce. To that end, the sector inquiry explored, inter alia, whether suppliers prohibiting their approved retailers from using various online channels are in breach of EU competition law. The Commission arrived at the conclusion that supplier-imposed prohibitions on the use of online commerce platforms are not per se unlawful as this is not a "significant distribution channel" despite the sector inquiry finding that the online commerce platform model is especially important to the smallest retailers, has hundreds of thousands of users, and enables cross border transactions as well as higher conversion rates than both a proprietary website and price comparison sites.

This report shows the extent to which the online commerce platform model is capable of integrating markets, benefiting small retailers in central and eastern Europe. Attempts at prohibiting approved distributors from leveraging this model for growth cannot be viewed by competition authorities as anything else than measures to establish private barriers between Member States and control resale prices and thereby flagrantly anti-competitive.

### 3) **Safeguard the current scope of the limited intermediary liability regime so that online commerce platforms can continue to innovate and serve the many**

A long-standing principle under EU law is that internet intermediaries (such as online commerce platforms) are not liable for the infringements of their users, as long as the intermediaries have no actual knowledge of the infringement and remove infringing material expeditiously after being notified of a specific infringement. Enshrined in the EU E-Commerce Directive (ECD), this principle has allowed the digital economy to grow and provide immense economic and social benefits to European businesses and society. But this balanced framework risk being undermined by legally misinformed, harmful and impractical policy proposals.<sup>13</sup>

For example, eBay supports sellers in uploading and assembling of content, provides visibility to users' listings by advertising content on their sites, provides translation and shipping services, and in some cases, even includes mandatory information relating to third-party

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<sup>13</sup> For instance, the European Commission's proposal for a Directive on Copyright in the Digital Single Market contains far-reaching provisions to the effect of excluding from the limited liability regime those intermediary service models that promote or optimize hosted content; the proposed draft Guidelines on the Implementation of the Unfair Commercial Practices Directive suggests to withdraw the benefit of the intermediary limited liability where intermediaries "actively shape the presentation of the information provided by third parties, process payments and product deliveries, charge commissions on transaction".

content as part of the service. These types of supporting services allow small retailers to compete with large merchants and expand internationally as this report describes. The legislator's intention was not to exclude those services from the hosting defense, but to exclude situations where the intermediary had involvements with the actual infringing content and such an active role leads to actual knowledge of the infringement.

4) **Support the objective of the EU Parcel Delivery Regulation to create a transparent cross-border parcel delivery system with affordable services, also in peripheral areas**

The European Commission is correctly focusing on cross-border parcel delivery as a key building block of a fully functioning Digital Single Market. While the parcel delivery sector is for sure innovating and evolving to serve online commerce, there are system failures that harm small infrequent senders in general and those in peripheral countries and outside urban areas in particular. The Commission is looking to the industry to lead efforts to improve quality of services and interoperability, while it is asking national regulatory authorities to help in increasing transparency of services and prices.

This report shows how the online commerce platform model opens up market opportunities across the EU (as well as globally) for small enterprises in central and eastern Europe, and previous research by the Lab has confirmed that these opportunities are not exclusive to businesses in capitals, well populated regions or areas with high GDP.<sup>14</sup> But these firms depend on access to affordable parcel delivery services in order to be able to compete for customers in distant, key economic areas. National regulatory authorities should use the tools provided by the proposed Parcel Delivery Regulation to not only assess price affordability but also identify coverage gaps in cross border delivery services.

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<sup>14</sup> See e.g. "How can platforms contribute to smarter and more prosperous regions in Europe?"; Q&A with Hanne Melin, Samuel Laurinkari and Taina Tukiainen, Technology Innovation Management Review, December 2016, Volume 6, Issue 12, available: [https://timreview.ca/sites/default/files/article\\_PDF/Melin\\_et\\_al\\_TIMReview\\_December2016.pdf](https://timreview.ca/sites/default/files/article_PDF/Melin_et_al_TIMReview_December2016.pdf)



# APPENDIX



## COUNTRY CODES

**EU28** EUROPEAN UNION, 28 COUNTRIES

**BGR** BULGARIA

**CZE** CZECH REPUBLIC

**EST** ESTONIA

**HUN** HUNGARY

**LVA** LATVIA

**LTU** LITHUANIA

**POL** POLAND

**ROU** ROMANIA

**SVK** SLOVAKIA

**SVN** SLOVENIA

## EBAY DATA DEFINITIONS

### SHARE OF EBAY-ENABLED FIRMS EXPORTING

The eBay data reflects the share of 2015 eBay-enabled firms (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, who exported in that year.

### AVERAGE NUMBER OF FOREIGN DESTINATIONS

The eBay data reflects the average number of different foreign markets reached by 2015 eBay-enabled firms (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, who exported in that year.

### SHARE OF EBAY-ENABLED FIRMS REACHING 10 OR MORE FOREIGN MARKETS

The eBay data reflects the share of exporting 2015 eBay-enabled firms (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, who exported to 10 or more different foreign markets in that year.

### SHARE OF EBAY-ENABLED FIRMS REACHING FOUR OR MORE CONTINENTS

The eBay data reflects the share of exporting 2015 eBay-enabled firms (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, who exported to four or more continents in that year.

### AVERAGE ANNUAL GROWTH IN THE NUMBER OF IN-COUNTRY MSME EBAY SELLERS

The eBay data reflects the annual average growth (total growth / 4) in the number of in-country eBay Commercial Sellers from 2011 to 2015. An eBay Commercial Seller is thereby defined as an eBay seller with sales of \$10,000 USD (at 2015 exchange rates) or more annually on the eBay marketplace. For consistency purposes, we adjust the number of eBay Commercial Sellers for currency fluctuations.<sup>15</sup>

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<sup>15</sup> Due to currency fluctuations that occurred during the period 2011-2015, in particular a significant appreciation of the US dollar to the Euro in 2015, we calculated a currency-neutral level of in-country MSME sellers in 2011 by using the same commercial seller threshold in the domestic currency that is also used in 2015. For example, the threshold for Euro is around EUR 9,000 in 2015 (equivalent to \$10,000 USD in 2015), and that same threshold is also used for 2011, rather than using the Euro equivalent of \$10,000 USD in 2011 (which would be around EUR 7,200). In this manner, the net change in the overall number of in-country MSME sellers from 2011 to 2015 is not distorted by exchange rate fluctuations of the USD against other currencies.

### **COMPOUND ANNUAL GROWTH RATE IN SALES OF EBAY CONTINUOUS COMMERCIAL SELLERS**

The eBay data reflects the compound annual growth rate in sales  $[(2015 \text{ sales} / 2011 \text{ sales})^{.25} - 1]$  for eBay Commercial Sellers (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, that reached this sales threshold in all the following years: 2011, 2012, 2013, 2014, and 2015.

### **NEWCOMERS**

The eBay data reflects the share of 2015 eBay Commercial Sellers (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country, who had zero sales on eBay in 2011.

### **2014-2015 GROWTH RATE FOR EBAY COMMERCIAL SELLERS THAT BEGAN SELLING IN 2012**

The eBay data reflects the 2014-2015 growth rate in sales  $[(2015 \text{ sales} - 2014 \text{ sales}) / 2014 \text{ sales}]$  for 2015 eBay Commercial Sellers (those with \$10,000 USD or more in sales annually on the eBay Marketplace) in each country that registered on eBay in 2012.

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